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Quantum

GLASS LIMITED

4th May 2001

Patent Legal Department,
U.S. Patent & Trade Mark Office,
Box 4,
U.S. Department of Commerce,
Washington D.C.
20231.

Dear Sirs,

Patent Application Ref :- International Patent Application Number PCT/GB99/03692,
Filing Date 8th November 1999.
Priority Date 9824246.4/ 6th November 1998/GB

We refer to the above International Patent Application and wish to advise you that the technology described is our property and believe that this application should not proceed to a patent being granted. There are a number of events which support this and these are as follows :-

1. The inventor of the above patent application namely Dr. Alexander Rollo Spowart worked for this company and was also a director of the company during the period 21st June 1996 to 19th September 1997. His employment with the company legally required that all matters relating to this technology should be kept confidential while working for the company and ad infinitum following the termination of his employment with the company. He is bound by legal agreements not to disclose in any way the work which he was involved in while working for the company. Legal binding undertakings exist and are available to support these claims.

2. Under a project with a major State Bank the technology now described in the patent application was developed by this company and Dr. Spowart is bound by the terms of the contract not to disclose any of the work done or information relating to the project. The project commenced on 3rd September 1996 and all the objectives which can be directly related to most of the Claims were completed by 11th June 1997. The systems and products supplied by us as a result of the above work are in use by a number of major financial organisations world wide. We can support all of this with documentation.

3. Quantum Glass Ltd purchased two lots of Intellectual Property from Dr Spowart at a cost of £320,000 which directly relates to the doping of silicate glasses with inorganic compounds. This forms a fundamental part of the patent application.

4. Quantum Glass Ltd. gave serious consideration to applying for a patent, however due to the inherent confidential nature of covert security it was decided not to proceed. This decision was taken on the basis that as the technology relates to covert security and so much detailed information would have been required to be disclosed in the application to have any possibility of achieving the grant of a patent, a policy of secrecy was decided upon as the best way forward. It was decided the worth of the technology as a covert security system to major financial and government organisations demanded that confidentiality should not be compromised in any way whatsoever. The inventor, namely Dr Spowart of the patent application number PCT/GB99/03692 was fully aware of this policy during his time of employment with this company.

5. Following publication of the patent application by Dr Spowart, Quantum Glass Ltd took court action against Dr. Spowart as the inventor, Smart Power Ltd as licensee and Kelsill Ltd. as the owner of the technology. This resulted in Interim Interdict being granted by the Court of Session in Edinburgh on 30 th. November 2000 in our favour over this patent application, the progressing of it and making certain further disclosures relating to it. Legal costs have also been awarded in our favour. We are prepared to make available to you a copy of the Court Judgement and Summons should you require it.

In conclusion we feel strongly that this application should not proceed to a patent being granted. This is based on the fact that as we have customers to whom we have been supplying the technology and have been doing so prior to the priority date we believe proves that the technology is already in the public domain and that a clear case of prior art exists. Dr Spowart is also bound by legal agreements in our favour relating to this technology.

We shall be pleased if you could see fit to provide us with your opinion and advice on this matter albeit may only be indicative at this stage. Your assistance in this matter will be much appreciated.

Yours Faithfully

Alan Fortune
Director.

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